

THE
INTERNATIONAL
NICKEL
COMPANY
OF
CANADA,
LIMITED
1970 ANNUAL REPORT

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CHAIRMAN'S MESSAGE TO SHAREHOLDERS

RESULTS IN BRIEF

	1970	1969	1968
NET SALES & OTHER INCOME	\$1,066,967,000	\$ 705,304,000	\$ 781,322,000
COSTS, EXPENSES & INCOME TAXES	\$ 858,376,000	\$ 588,761,000	\$ 637,577,000
NET EARNINGS	\$ 208,591,000	\$ 116,543,000	\$ 143,745,000
PER COMMON SHARE	\$2.80	\$1.56	\$1.93
COMMON DIVIDENDS	\$ 104,230,000	\$ 89,282,000	\$ 91,475,000
PER COMMON SHARE	\$1.40	\$1.20	\$1.23
INCOME TAXES	\$ 121,091,000	\$ 57,698,000	\$ 86,837,000
CAPITAL EXPENDITURES*	\$ 272,465,000	\$ 175,182,000	\$ 175,384,000
EXPLORATION EXPENDITURES*	\$ 31,889,000	\$ 19,896,000	\$ 17,028,000
TOTAL ASSETS**	\$1,827,357,000	\$1,477,019,000	\$1,396,156,000
ORE MINED (wet short tons)	28,300,000	18,800,000	24,900,000
NICKEL DELIVERIES (pounds)	518,870,000	382,170,000	480,840,000
COPPER DELIVERIES (pounds)	348,100,000	208,220,000	314,160,000
PLATINUM-GROUP METALS & GOLD DELIVERIES (troy ounces)	387,700	421,500	440,900
EMPLOYEES**	37,313	34,321	33,314
SHAREHOLDERS**	84,320	84,219	75,587

*Includes capitalized exploration expenditures.

**At year end.

†Does not include any value for the minerals in the major portion of the Company's ore reserves.

Dollar figures in this Report are expressed in United States currency, unless otherwise stated.

La traduction en français de ce rapport sera envoyée sur demande.

CHAIRMAN'S MESSAGE TO SHAREHOLDERS

For your Company, 1970 was a year of solid achievement. We operated more mines—we produced more nickel—we delivered more nickel—we spent more on capital improvements—we paid more taxes—our net sales, earnings and dividends were larger in absolute terms than at any time in the Company's history, and the income represents a return on the moneys invested in the Company which were more in line with what we had experienced in the first half of the 1960's.

Early in 1971, the shortage that had characterized the free world's nickel market since 1966 came to an end as a result of rising nickel production and a softening of the economies, and thus of the demand for nickel, in all of the principal nickel-consuming countries. The nickel shortage had worked hardships on our customers and had inconvenienced many industries that use nickel-containing products produced by our customers, and thus stunted the growth in the demand for nickel. The return to normal supply and demand means that once again nickel-containing materials can be aggressively marketed.

The most evident factor behind the year's performance is the Company's large Canadian expansion and modernization program begun in 1966. This program has so far called for capital expenditures of some \$650,000,000. By the end of 1972, we expect to spend an additional \$450,000,000 and, as a result, raise our Canadian production capacity to over 600,000,000 pounds a year.

But at the heart of the results has been the Company's faith in the growth of the nickel market, founded to a considerable degree on our demonstrated capability to expand nickel uses. It is this faith that bolstered the Company's resolve to invest the very large sums required to expand production.

In the last three years, this investment program has meant that the Company has had to finance a portion of its new investment through borrowing. Your Company's long-term debt at the end of the year was \$287,000,000—an increase of some \$100,000,000 in 1970, but still moderate in comparison with the Company's total capitalization.

It is this same faith in the future of nickel that has led your Company to devote much of its energies to finding and obtaining rights to new ore bodies, while developing those already a part of our enterprise.

Although we expect to continue to look for and develop sulphide ore bodies in Canada, the great bulk of the known deposits of nickel are lateritic, found mainly in the tropical areas of the world. International Nickel, either in partnership with others or by itself, has rights in such deposits in Guatemala, New Caledonia and Indonesia. In 1970, we made progress in moving all of these toward the stages where construction could be launched.

The Company's efforts to meet its environmental objectives continue at a rapid pace and involve large expenditures. Its major environmental problem is at its Sudbury District operations and stems from the scale of the operations there and from earlier practices, necessary and acceptable when started, but which subsequently became unacceptable. In the interest of water resources conservation, it continued treatment of mine waters and process streams to achieve maximum recycling or, when necessary, to discharge only treated waters into approved water courses so as to meet government standards. Our efforts to control the dust blowing from the tailings area are meeting with increasing success. Major expenditures were made during the year on the construction of the tallest chimney in the world and on the expansion of gas filters and engineering work for a new, large sulphuric acid plant. These two projects will become operational in 1972 and significantly improve the environment of the area.

At Thompson, Manitoba, our large modern mining and processing facility operates in harmony with its surroundings. At Port Colborne, Ontario, we have reached our objectives with respect to air quality and are making progress on the control of water effluents. At our rolling mills in Huntington, West Virginia, and at Hereford, England, we operate successfully without environmental degradation.

In these pages, I commented last year on our recruitment, training and motivation of staffs, recognizing that a company's strength lies in its people. This work continues in all departments and in all locations. In the industrial relations area, our efforts have been receiving concentrated attention, particularly in the Ontario and Manitoba Divisions. As the year moved on, these efforts received increasing and encouraging recognition.

As I have said before, the era ahead will be characterized by a growing demand for nickel, the struggle of producers to keep up with demand, and increased production by new and established producers. The underlying realities of the industry remain. The lead time, even after successful exploration and discovery, between the decision to develop a property and the start of production is very long; and the return from the capital investments for new production can be expected only over a relatively extended period.

Within these long-known realities there are a number of elements to be kept in constant focus. One is that the level of public expectation concerning mining and processing endeavors, ranging from ecological considerations to the economic and social impact of such operations, requires that there be a high degree of mutual understanding between the enterprise and the communities and nations in which it operates. In the case of a new project, carefully considered basic relationships have to be worked out and settled. This process has the effect of further stretching the lead time between discovery and production. And in the case of on-going operations, an enormous amount of management effort and attention is unceasingly required to assure that the enterprise and the public are kept knowledgeable of the needs and problems of each other, and are kept working together in a manner which will serve the interests of both.

Another is the fact that new production requires very large capital investments. This is partially a result of the increasing utilization of lower-grade ores but is caused, to a major degree, by the rapid escalation of construction costs.

We are finding that our research is producing encouraging and more economical methods of processing ores. In the case of on-going operations, however, these savings are being more than offset, partially by the increasing utilization of lower-grade ores, but to a greater degree by cost increases for supplies, services and labour.

In the case of new operations, in addition to these increased operating costs, one must add the rapidly rising costs of construction. Because ore bodies are often found in remote locations, this is further accentuated by similar increases in the costs of the required infrastructure.

These factors are very real. If man is to have the metals he requires, they must be faced and successfully dealt with. The answers lie not in simplistic solutions, but in a broad recognition of these facts and a series of responses by all involved.

The taxation programs applicable to the mining industry must recognize these facts. Not only does the mining industry carry the risk of non-discovery, but additionally, as I have already suggested, the lead time and capital intensiveness materially differentiate mining from manufacturing industries.

In this regard, the announcement during the year of Canada's Finance Minister, the Honourable Edgar J. Benson, modifying some of the proposals of the White Paper, was encouraging. However, the exact implication of his modifications is not yet known, in part because of the undetermined reaction of most of the Provinces. Moreover, pronouncements have not been made on a number of aspects in the White Paper on which the industry has registered its concern, such as the

features which would penalize Canadian investments in developing countries.

We remain hopeful that the tax reform legislation, now expected to be introduced this spring, will be in the long Canadian tradition which recognizes the unique aspects of the mining industry and its very far-reaching contribution to the country's economic growth.

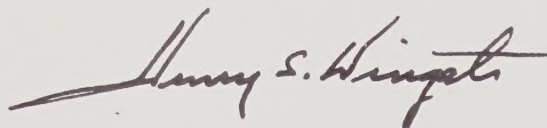
Regrettably, the Manitoba Government during the year made effective increased income tax rates and enacted an increase in its mining royalty tax rate. This means that individuals and industry in Manitoba are paying the highest income taxes, and that the effective mining royalty tax is among the highest, in Canada. Such high taxation can only deter new mining investment and expansion in the Province.

The unusual capacity of the mining industry to create wealth for an economy, to literally turn what was once rock or dirt into a valuable metal, and in the process to generate jobs and a large number of supporting industries, needs to be more fully understood by the public generally and by government officials. This suggests that the communities and nations which benefit from this wealth-creating process—from the jobs and economic development generated—should not through taxation policies deter the very economic process from which they benefit.

It is clear that the ore bodies most likely to be developed will be in the areas that, by taxation and other policies, encourage, or indeed make possible, their development.

Lastly, the large capital requirements involved point to the high urgency for healthy earnings so as to encourage the needed flow of investment funds into the highly essential nickel-producing enterprises. Nickel is important to economic growth. Modern technology demands and requires the type of properties it imparts to metals.

Your Company's earnings must be at ratios that will provide a sound return to investors and, consequently, an incentive to make them willing to take the risks involved. The Company's earnings performance in 1970 was, therefore, a most important achievement and one that through constant attention to all elements of our business must be continued.

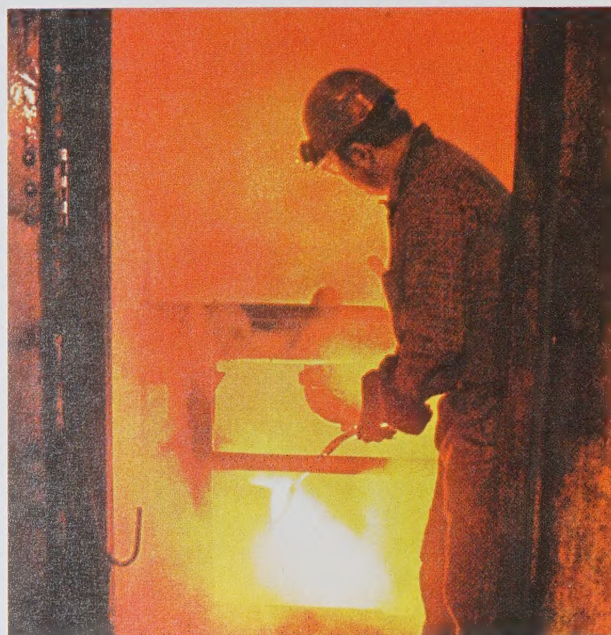


Chairman

February 18, 1971

FINANCIAL AND OPERATIONAL RESULTS

THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED
(Incorporated Under The Laws of Canada)
Copper Cliff, Ontario
February 18, 1971



Sales, Earnings and Dividends

Greater production, increased deliveries, and the higher prices received for its two major products, nickel and copper, resulted in significant improvements in the Company's sales, earnings and dividends in 1970.

Net sales were \$1,055,848,000, compared with \$684,232,000 in 1969 and \$767,330,000 in 1968. Sales in 1969 were affected by the 128-day strike at the Company's Ontario Division, which shut down 75 per cent of International Nickel's basic production.

Net earnings were \$208,591,000, or \$2.80 a share, compared with \$116,543,000, or \$1.56 a share, in 1969 and \$143,745,000, or \$1.93 a share, in 1968.

The earnings were the highest, in absolute terms, in the Company's history, coming more into line with the levels of return on invested capital that the Company experienced in the first half of the 1960's.

Dividends were \$104,230,000, or \$1.40 a share, compared with \$89,282,000, or \$1.20 a share, in 1969 and \$91,475,000, or \$1.23 a share, in 1968, the Company's previous record dividend year. The Company paid quarterly dividends of 30 cents a share in March, June and September, and a quarterly dividend of 40 cents a share in December. In addition, the Company paid a year-end extra dividend of 10 cents a share.

Deliveries of Metals

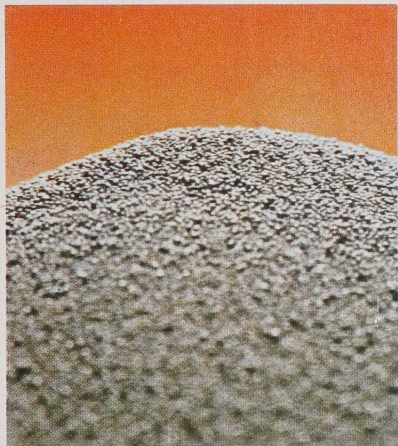
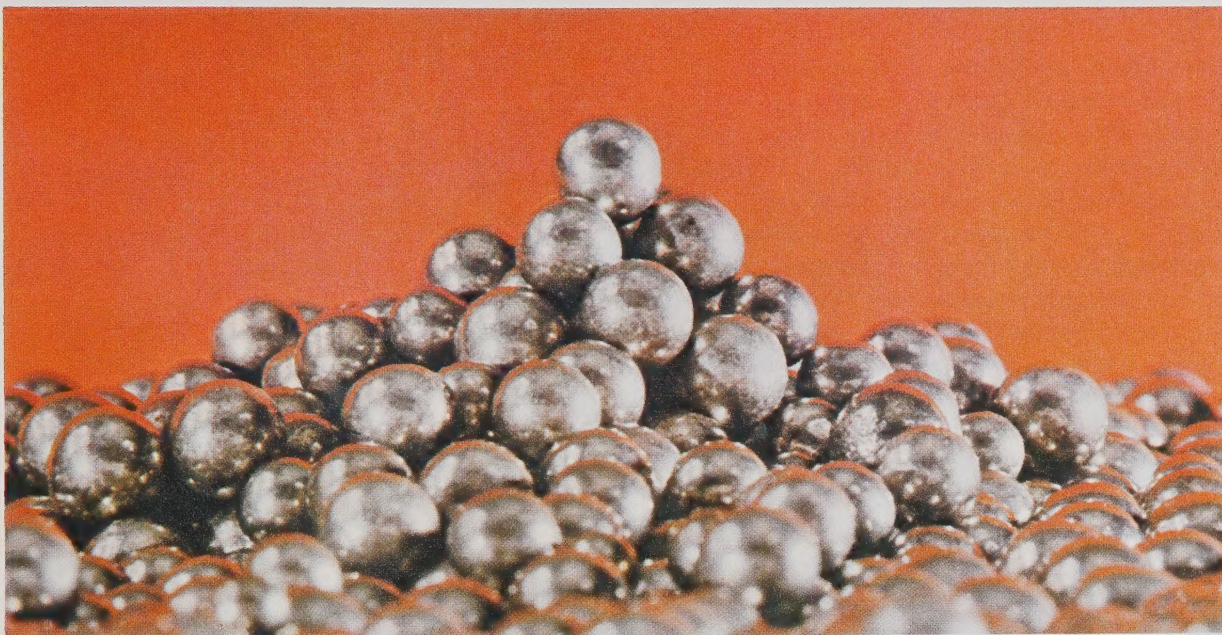
The demand for nickel and copper continued strong throughout 1970, except for the fourth quarter when nickel demand softened and deliveries fell below third-quarter levels. This overall strong demand, combined with the Company's increased production, enabled International Nickel to make record deliveries of nickel and copper in 1970.

Total deliveries of nickel in all forms were 518,870,000 pounds, compared with 382,170,000 pounds in 1969 and 480,840,000 pounds in 1968. The Company's deliveries of primary nickel in 1970 were 446,240,000 pounds, and nickel delivered in rolling mill products amounted to 72,630,000 pounds.

The Company's deliveries, compared with 1969 and 1968, are shown in the box at left.

	1970	1969	1968
Nickel (pounds)	518,870,000	382,170,000	480,840,000
Copper (pounds)	348,100,000	208,220,000	314,160,000
Platinum-group metals* and gold (troy ounces)	387,700	421,500	440,900
Silver (troy ounces)	1,051,000	1,111,000	1,607,000
Cobalt (pounds)	1,980,000	1,870,000	1,790,000
Iron ore (long tons)	670,000**	758,000	654,000

*Platinum, palladium, rhodium, ruthenium and iridium.
**Deliveries of iron ore in 1970 were adversely affected by construction work to expand production at the Company's iron ore recovery plant.



To meet the diverse requirements of customers, International Nickel produces primary nickel in a variety of forms. Shown here (clockwise from bottom left) are: nickel powder; nickel oxide sinter 90; nickel pellets; electrolytic nickel squares; nickel oxide sinter 75; and (center) nickel oxide.

Prices

The prices paid the Company for its primary nickel products were significantly higher in 1970 as a result of the increase in the price of nickel in November 1969. At that time the price of electrolytic nickel rose from \$1.03 a pound to \$1.28. On October 14, 1970, the Company increased the price of its primary nickel products by approximately 5 cents a pound to compensate partially for the reduced realization in Canadian currency caused by the rise in the value of the Canadian dollar following its unpegging in June 1970. This adjustment brought the price of electrolytic nickel to \$1.33 a pound in the United States. The effective cost to Canadian customers became \$1.36 (Can.). In the United Kingdom, the price for electrolytic nickel, and for refined nickel pellets produced by the Company's Clydach, Wales, refinery, rose from £1,200.50 a metric ton to £1,246.50. There were corresponding increases in the prices of the Company's other primary nickel products.

In November, the Prices and Incomes Commission undertook to review the Company's October price increase. In January 1971, it issued a report which declared that because more than 95 per cent of Canada's nickel is exported, and because nickel is a small component in most products in which it is used, the price increase "did not increase domestic manufacturing costs and selling prices sufficiently to jeopardize" the Government's price restraint program.

During the early part of the year, the price for copper advanced in Canada and Europe, where the Company traditionally sells its "ORC" copper; in the latter part of the year and early in 1971, the price receded. Overall, the Company received approximately 5 cents a pound more in 1970 than in 1969 for its copper in these markets. In Canada, the Company's copper price went from 57 cents (Can.) a pound to 59 cents on March 2, to 57.3 cents on October 23, to 54 cents on December 3, and to 51 cents on January 21, 1971. The Company's European price for copper is based on the London Metal Exchange settlement price for copper wirebars. During 1970, this price ranged from a high of £749 a metric ton—87.7 cents (Can.) a pound—to a low of £422 (46.7 cents a pound). On February 10, 1971, the LME price for copper wirebars was £420.5 a metric ton (46.5 cents a pound).

The industrial demand for platinum-group metals softened early in 1970 and remained soft throughout

the year. The average published price for platinum in the United States remained unchanged, and at year end was \$132.50 a troy ounce. Palladium decreased from \$38 to \$37; and rhodium from \$222.50 to \$207.50. As of February 10, 1971, the price of platinum was \$122.50 a troy ounce; palladium, \$37; and rhodium, \$202.50.

Capital Expenditures

International Nickel spent a record \$272,465,000 on capital expenditures in 1970, almost \$100,000,000 more than the previous record set in 1968. The expenditures were principally for the Company's major production expansion program in Canada, on which \$190,000,000 were spent during the year. Some \$650,000,000 have been expended on this program since 1966. An additional \$450,000,000 are expected to be spent in 1971-1972.

Capital expenditures for 1970, compared with 1969, were:

	1970	1969
Mines		
Ontario	\$73,336,000	\$37,340,000
Manitoba	29,671,000	28,657,000
Plants		
Ontario	112,504,000	51,899,000
Manitoba	7,464,000	21,050,000
United Kingdom ..	6,647,000	2,223,000
Rolling Mills		
United States	17,300,000	17,909,000
United Kingdom ..	1,699,000	1,413,000
Other		
Canada	800,000	1,937,000
United States	4,824,000	365,000
Other countries ...	18,220,000	12,389,000
Totals	<u>\$272,465,000</u>	<u>\$175,182,000</u>

Capital expenditures for 1971 are expected to be \$300,000,000. Of this amount, some \$255,000,000 are expected to be spent in Canada.

External Financing

To help finance its large capital expenditure programs, the Company increased its long-term debt during 1970 from \$184,314,000 on January 1, to \$286,660,000 on December 31. The year-end figure represents 21 per cent of the Company's total capitalization of \$1,339,195,000.

On October 1, the Company sold \$75,000,000 (Can.) of 9 $\frac{1}{4}$ per cent Canadian dollar debentures (\$73,643,000 in U.S. dollars) due October 1, 1990.

Also in October, International Nickel Projects Limited, a subsidiary of the Company, sold 60,000,000 Swiss francs (\$13,863,000) of 6 $\frac{3}{4}$ per cent bonds due October 15, 1985.

In December, a £4,100,000 (\$9,840,000) five-year loan was arranged with a group of banks in the United Kingdom by International Nickel Limited, the Company's United Kingdom subsidiary.

At year end, the Company's United States subsidiary, The International Nickel Company, Inc., had drawn \$30,000,000 of a total credit of \$75,000,000 arranged in 1968, an increase of \$5,000,000 over the previous year end.

The Clarabelle concentrator, currently under construction in the Sudbury District, is scheduled to go into operation at the end of 1971.





Frood-Stobie is one of the Company's newer concentrators in the Sudbury District. The headframe of Frood-Stobie mine's No. 9 shaft is in the background.

The Company's expansion and modernization program in Canada and its plans to produce nickel from ores outside of Canada represent its commitment to meet customers' demands and to maintain a competitive position in the rapidly expanding nickel industry.

In 1970, the Company reached a production level of 500,000,000 pounds of nickel a year. It expects to produce about 550,000,000 pounds in 1971. In 1972, the Company expects to achieve the goals of its present expansion and modernization program and to be operating in Canada at a rate of more than 600,000,000 pounds of nickel a year.

Producing Mines

The Company maintained a high level of operations throughout the year at its 13 producing mines—11 in Ontario and two in Manitoba—and mined a record 28,300,000 wet short tons of ore, compared with 18,800,000 tons in 1969 and 24,900,000 tons in 1968, the previous record year. The greater level of ore production reached in 1970 permitted the Company to recover a record amount of nickel and copper despite the lower grades of the ores being mined.

The expanded use of bulk mining methods and mechanized operations during 1970 contributed to greater efficiency and record output from the producing mines. Increasing use is being made of underground ramps, which permit easy movement of large mechanized trackless mining equipment from one level of a mine to another.

Two new mines went into production in the Sudbury District of Ontario during 1970—Copper Cliff North with a projected capacity of 8,000 wet short tons a day, and Kirkwood with a projected capacity of 1,500 tons a day. Production at the Totten mine was temporarily halted early in the year to permit expansion of its capacity. When it reopens in the latter part of 1971, it will have a projected capacity of 1,500 tons of ore a day.

Development of New Mines in Canada

As part of the Company's Canadian expansion, work continued on four new mines in Ontario and two in Manitoba. Five of these are scheduled to come into production in 1971. Upon completion of the expansion program in 1972, International Nickel will have 19 producing mines in Canada with a projected capacity of more than 150,000 wet short tons of ore a day. Early in 1966,



Two new mines went into operation last year: Copper Cliff North (top) and Kirkwood (bottom left), shown in final stages of development. Mechanization and the use of trackless mining equipment, such as this personnel carrier, were factors in attaining record ore production at the Company's 13 operating mines.

when the program began, the Company had 10 producing mines with a capacity of about 75,000 wet short tons a day.

The new mines under development, the years they are scheduled to start production, and their projected approximate daily capacities in wet short tons, are:

Ontario Division	
Little Stobie (1971)	8,000
Copper Cliff South (1971)	6,000
Coleman (1971)	4,000
Shebandowan (1972)	3,000
Manitoba Division	
Pipe (1971)	16,000
Soab (1971)	4,000

Looking beyond the current expansion program, the Company began development in 1970 of Levack West, a new mine in the Sudbury District. It is scheduled to come into production in 1975 with a rated capacity of 2,500 tons of ore a day. This new mine will compensate for the reduced availability of ore from the present Levack mine and will help raise the Company's Canadian production capacity to between 615,000,000 and 630,000,000 pounds of nickel a year by the mid-1970's.

Surface Facilities for Added Production

During 1970, International Nickel made substantial progress in constructing the surface facilities needed to process increased tonnages of ore. These projects have imposed a heavy design and engineering load on the Company's expanded central engineering staff.

The concentrators at Copper Cliff, Creighton and Frood-Stobie in the Sudbury District were modified to improve their output. As a result, they and Levack—the fourth operating concentrator in the Sudbury District—processed an average of 63,000 tons of ore each working day, compared with 61,400 tons a day in 1969.

Construction of the new Clarabelle concentrator in the Sudbury District, which will be capable of treating 35,000 tons of ore a day, continued during 1970 and was about half completed by the end of the year. It is expected to be fully operational by the end of 1971. In addition to increasing the Company's concentrating capacity, it is also expected to improve metal recoveries.

Design and construction work proceeded on the new nickel refinery at Copper Cliff, scheduled for

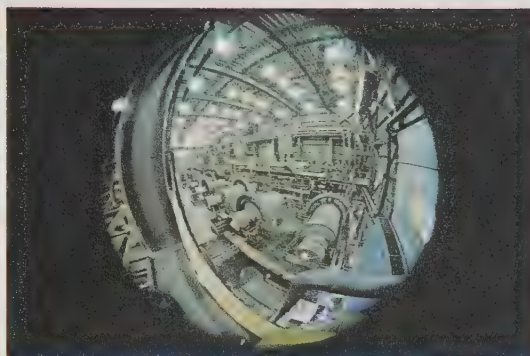
completion in 1972. It will have a capacity of 100,000,000 pounds of nickel pellets and 25,000,000 pounds of nickel powders a year. This plant will use the Inco Pressure Carbonyl process for nickel production.

Also at Copper Cliff, construction of a fourth fluid bed roaster for the production of nickel oxide sinter 75 was completed early in 1971.

At the Copper Cliff iron ore recovery plant, the portion of the expansion work that had been deferred to give priority to the Company's program to increase its nickel-producing capacity was resumed during the year. When completed in 1972, the expansion will raise iron ore capacity from 900,000 to 1,100,000 long tons a year and will also contribute to the Company's nickel-producing capacity by increasing the recovery of nickel oxide. Major modifications to improve product quality, as well as to provide additional pelletizing capacity for the increased iron ore production, were completed during the year.

At Thompson, Manitoba, expansion of the concentrator and smelter was completed at year end. Together with mine expansion, the program has involved capital expenditures from 1966 through 1970 of \$181,500,000.

At the Clydach nickel refinery, the second phase of the modernization program, consisting of the installation of a second kiln line, with associated hydrogen and carbon monoxide facilities, was completed on schedule. When this modern, computer-controlled plant becomes fully operational early in 1971, the obsolete portions of the old plants will be shut down.



Among the five new mines scheduled to begin production in 1971 are Pipe in the Thompson area and Little Stobie in the Sudbury District (right center). To handle increased ore production resulting from new mines, new surface facilities are being built and existing ones expanded. As part of this program, the Thompson mill (top right) was expanded, and (bottom) the Copper Cliff nickel refinery is being built (foreground) while expansion work is under way at the iron ore recovery plant (background).

Potential Production Outside Canada

In 1970, the Company, in addition to exploring and developing properties in Canada, was actively engaged in similar work in many parts of the world. Most of the foreign deposits involved are lateritic; laterites represent some 80 per cent of the free world's known nickel deposits. The principal areas of the Company's efforts are Guatemala, New Caledonia, Indonesia and Australia.

In Guatemala, where International Nickel owns 80 per cent and The Hanna Mining Company owns 20 per cent of a Guatemalan subsidiary, Exploraciones y Explotaciones Mineras Izabal, S.A. (Exmibal), negotiations were delayed awaiting the inauguration of a newly elected Government. The negotiations resumed actively in the fall, and on February 12, 1971, Exmibal and the Government's negotiating committee reached an agreement which upon formalization by the Government will be the basis for seeking to arrange the financing required in order to bring the project into being. The agreement brings together certain conditions in the Mining Code, the general laws of Guatemala and other conditions mutually agreed upon under which Exmibal would conduct its operations. Provision is included in the agreement for the Government to progressively acquire up to 30 per cent ownership in Exmibal. Implementation of the agreement is conditioned on financing arrangements being worked out which are satisfactory to International Nickel. The total investment in the Exmibal project is currently estimated at \$250,000,000 to produce 60,000,000 pounds of nickel annually.

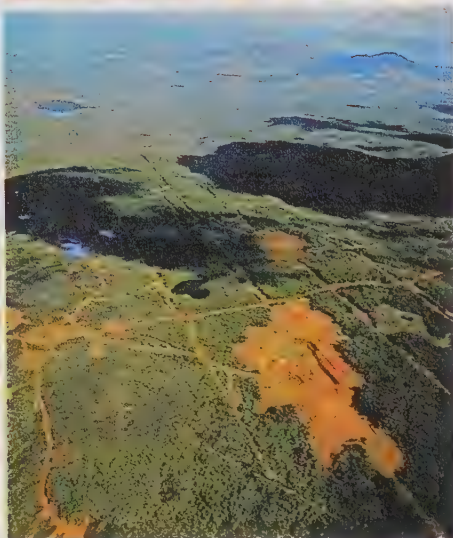
The Company's New Caledonia project moved ahead significantly when, on July 9, the Company presented a comprehensive feasibility study to its French partners in Compagnie Française Industrielle et Minière du Pacifique (Cofimpac), a French company in which International Nickel has a 40 per cent equity. The study, which was favorably received, recommended that Cofimpac proceed with the development of its lateritic nickel deposits on the French Pacific island of New Caledonia. It indicated that sufficient ores had been outlined to support a production level of 100,000,000 pounds of nickel a year for at least 40 years. The study recommended that Cofimpac's initial project achieve that level of production, using a process developed by International Nickel—the Inco Carbonyl Process for Laterites. This initial project is currently expected to require an investment in excess of \$481,000,000, the estimated figure

originally put forward in the feasibility study to cover mining, processing and power-generating installations, as well as a new town and port facilities. A number of matters remain to be settled, including the final composition of the partnership in the project. However, pre-engineering studies are being conducted, which will permit the rapid start of design work and construction once International Nickel and its partners decide to proceed with the project. A decision is expected during the first part of 1971.

In the Southwest Pacific, the Company's exploration and development office in Sydney moved ahead strongly in exploration and property evaluation programs in Indonesia and Australia.

On the Indonesian island of Sulawesi, P. T. International Nickel Indonesia, a wholly owned subsidiary, outlined significant lateritic nickel deposits. Bulk samples from these deposits were shipped to the Company's research stations at Port Colborne, Ontario, for process investigation. Preliminary engineering investigations on these properties were also begun. The Company expects to mine and ship additional bulk samples to Canada in 1971 for testing and will continue to move forward on its program for the early development of the deposits.

At Widgiemooltha, Western Australia, the Company's wholly owned subsidiary, International Nickel Australia Limited, working with Broken Hill Proprietary Company Limited (BHP), is sinking a 1,000-foot shaft to further explore nickel sulphide mineralization in the area. A decision on development of the area is expected in early 1972.



Scenes from International Nickel's projects overseas (clockwise from bottom left): a field laboratory in Indonesia; drilling in Guatemala; headframe of the Widgiemooltha exploration shaft in Australia; exploration grid patterns on New Caledonia.

In the Rockhampton area of Queensland, Australia, the subsidiary, also in partnership with BHP, is working to evolve a means of developing a relatively low-grade lateritic nickel deposit.

During 1970, Southwestern Mining Limited, an Australian subsidiary of International Nickel, reported that it would not be economically feasible under present circumstances to develop the remote lateritic nickel deposits near Wingelinna, Western Australia. Southwestern's rights over the area expired on December 31, 1970.

The International Nickel Company, Inc. continues to hold and explore copper-nickel properties near Ely, Minnesota, in the United States. It announced in 1970 that it would continue to evaluate low-grade sulphide deposits there for potential long-range development.

Process Research and Technology

The Company's strengthened process research and process technology staffs concentrated during 1970 on improving metal recoveries and reducing costs, on various approaches to environmental control, and on evaluating and developing new and more efficient processes for extracting nickel from various types of ores.

During the year, the Company completed the evaluation and testing on a pilot plant basis of three processes for the treatment of the lateritic ores of New Caledonia and recommended adoption of the economically attractive Inco Carbonyl Process for Laterites.

At the J. Roy Gordon Research Laboratory at Sheridan Park, Ontario, work went forward on several processes for treatment of laterites from Indonesia and sulphide and lateritic ores from Australia. Bulk samples of the Indonesian ores are currently being tested and evaluated on a tonnage basis at the Company's research stations at Port Colborne.

Environmental Control

The Company has committed itself to production methods and operations compatible with current and future environmental standards. In this effort, major research programs were pursued to develop economic processes for the production of metal from sulphide ores, which would minimize and control the formation of sulphur dioxide. During the year, the Company announced plans to build a \$32,000,000 sulphuric acid plant at Copper Cliff that will have a 700,000-ton-a-year capacity and will markedly increase the Company's sulphur recovery. Also during the year, the concrete shell of the new chimney reached its full height of 1,250 feet. The chimney, the tallest in the world, is expected to be operational early in 1972. The Company is confident that the chimney and associated dust-collecting equipment, in combination with the new sulphuric acid plant, will mean that the air in the Sudbury area will more than meet government standards and will be as clean as, or cleaner than, the air of any other industrial area in the country.



The Port Colborne, Ontario, process research stations evaluated and tested bulk ore samples in 1970, such as this 2,500-ton shipment of laterites from Indonesia.



The Company's environmental efforts include the 1,250-foot-high stack in Copper Cliff and the planting of rye on some 700 acres of tailings.

Exploration

The Company spent \$31,889,000 on exploration in 1970, compared with \$19,896,000 in 1969. Exploration expenditures were curtailed in 1969 by the Ontario Division strike. The increase in expenditures also reflects expanded exploration activities overseas. An average of 1,600 men were employed on exploration projects in Canada and abroad.

Some 65 per cent of exploration expenditures in 1970 were made in Canada, much of it on the Company's own properties in the Sudbury and Shebandowan areas of Ontario, and in the Thompson area of Manitoba.

It is the prime objective of the Company's exploration activities each year to define at least as much nickel ore as is mined in a year. The Company was successful in achieving this objective again in 1970 through drilling at its mining areas in Ontario and Manitoba.

Elsewhere in Canada, field exploration was carried out in other parts of Ontario and Manitoba, as well as in Quebec, Saskatchewan, the Northwest Territories and the Yukon Territory.

Negotiations were initiated during the year on an agreement with Noranda Mines Limited calling for it to develop a nickel ore deposit in Langmuir Township, near Timmins, Ontario.

Outside of Canada, field exploration relating to the development of potential production projects went forward in Australia, Indonesia, New Caledonia, Guatemala and Minnesota. Exploration and property evaluations were carried out in Central America, southern Africa, the British Solomon Islands Protectorate, and in the United States.

Investigation of deep-sea nodules as a potential source of commercial nickel was continued.

Ore Reserves

On December 31, the Company had proven ore reserves in Canada of 383,300,000 dry short tons, containing 12,500,000,000 pounds of nickel and 7,900,000,000 pounds of copper. At the end of 1969, the Company had 379,600,000 dry short tons of proven ore reserves, containing 12,400,000,000 pounds of nickel and 7,900,000,000 pounds of copper.

The Company reports as proven ore reserves only blocks of ore that have been defined by drilling and sampling, in accordance with its standard practice, in sufficient detail to permit calculation of the number of tons of ore and its nickel and copper content.

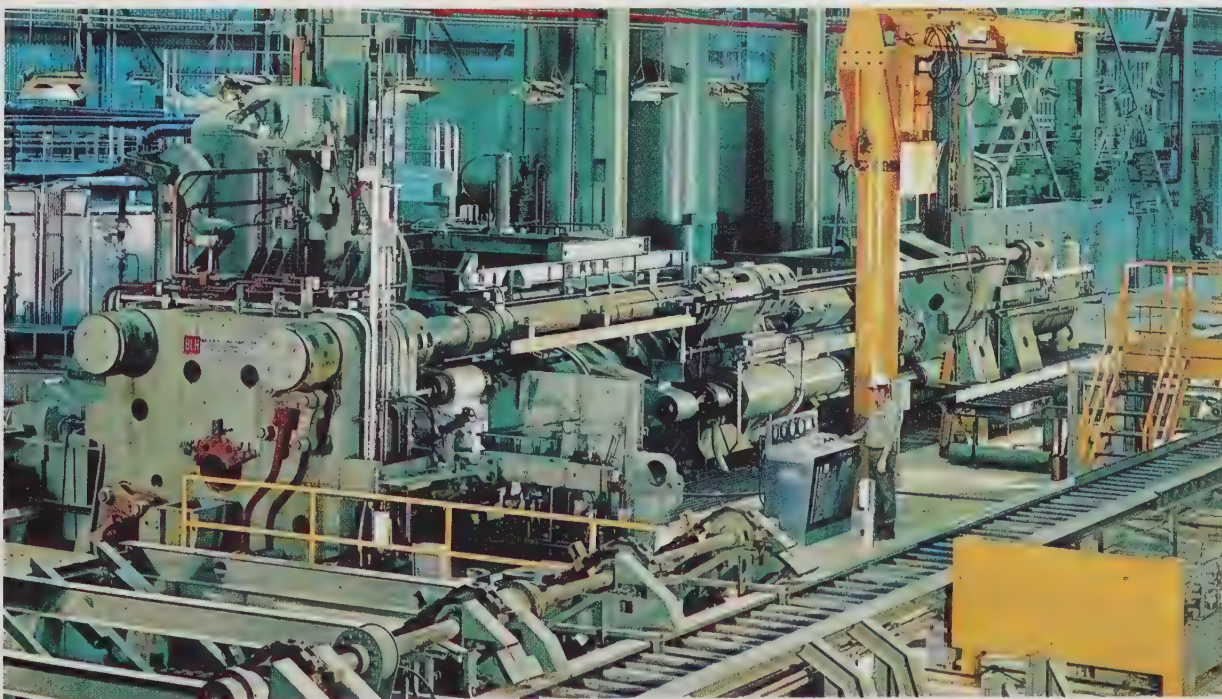
Rolling Mill Divisions

Despite the limited availability of nickel during the greater part of the year, the Company's two rolling mill divisions, the Huntington Alloy Products Division in the United States and Henry Wiggin & Company Limited in the United Kingdom, delivered 111,840,000 pounds of mill products to customers, compared with 109,710,000 pounds in 1969. The nickel contained in these products was 72,630,000 pounds, compared with 72,230,000 in 1969.

The divisions made substantial progress in the construction and installation of previously authorized new facilities. During the year, the Huntington Division completed a new extrusion press facility, designed to significantly improve tubular product capability. The first extruded tube was produced on a trial basis in December 1970. The new facility is one of the final major projects to be completed under the \$100,000,000 modernization and expansion program that began in 1962 at the Huntington Division. Wiggin, at its Hereford plant, began production early in 1970 of high-nickel alloy ingots by its electroflux remelt furnace, the largest in Western Europe. Ingots weighing as much as 33,000 pounds can be produced singly, or three ingots of 11,000 pounds each can be produced simultaneously.



International Nickel spent \$31,889,000 in 1970 on exploration activities in Canada and in support of the Company's overseas projects.



This 6,000-ton press is part of the new extrusion facility that will be in regular production in 1971 at the Burnaugh, Kentucky, plant of the Huntington Division.

The free world's increasing capacity to produce nickel in 1970, combined with a slowdown in the growth rates of the economies of consuming nations, eased the shortage that had characterized nickel markets since 1966. At year end, supply and demand were in balance.

During the shortage, International Nickel's marketing staffs concentrated on the long-range development of potential new markets. In 1970, however, they returned to the goal of developing shorter-range market opportunities. They are again working to increase current demand for nickel-containing materials, and to compete successfully in selling the Company's nickel to the producers of these materials.

Also during the year, International Nickel Limited restructured its marketing organization in Europe to achieve greater efficiency. It now sells directly to its principal customers in that area. It will continue to use a network of strong, well-established distributors to serve medium-sized and small customers.

Nickel Consumption

Nickel consumption reached a record high in 1970, principally because it was not so severely limited by supply as in the years 1966 through 1969. The free world consumed an estimated 985,000,000 pounds of nickel in 1970, compared with 844,000,000 pounds in 1969, the previous record year.

The rise in consumption was especially steep in Japan. There was also a marked increase in consumption in the United Kingdom and Continental Europe, which had replaced the United States as the free world's leading nickel market in 1969. Except in the United States, all 1970 figures by geographical area set records. The most recent estimates of nickel consumption by geographical area are (in pounds):

	1970	1969
United Kingdom and Continental Europe..	385,000,000	327,000,000
United States	330,000,000	310,000,000
Japan	200,000,000	151,000,000
Canada	34,000,000	29,000,000
Australia	9,000,000	6,000,000
Latin America	7,000,000	6,000,000
Other free world countries	20,000,000	15,000,000

Consumption of primary nickel by product category followed virtually the same pattern during the year as in 1969. The estimated 1970 consumption figures by product are (in pounds):

Stainless steels	404,000,000 (41%)
High-nickel alloys	135,000,000 (14%)
Nickel plating	130,000,000 (13%)
Constructional alloy steels	104,000,000 (11%)
Iron and steel castings	88,000,000 (9%)
Copper and brass products	32,000,000 (3%)
All others	92,000,000 (9%)

The end-use markets for nickel-containing products by industry showed little change in 1970 compared with 1969, and are estimated to be:

Consumer products	16%
Machinery and transportation	14%
Automotive	12%
Electronic	9%
Chemical	8%
Petroleum	8%
Process	7%
Aircraft	6%
Energy conversion	4%
Marine	3%
Architecture	3%
Coinage	2%
All others	8%

Product Research and Development

The Company's product research and development efforts employ more than 750 persons in laboratories and offices, about one-third of whom are engineers and scientists. Their primary job is to develop the nickel alloys and nickel-using processes that will meet the needs of the many existing and potential nickel markets—especially in rapidly growing industries.

During 1970, work went forward on a wide variety of improved high-nickel alloys, copper-nickel alloys, stainless steels, and high-strength, low-alloy steels. In addition, a strong program of research and development continued on materials made from metal powder, as well as on electroplated products.

Following the development of mechanical alloying, samples of an experimental alloy produced by this process were made available to industry for testing during the year. Mechanical alloying is a high-energy milling process that is capable of producing a wide variety of alloys with unusual characteristics. It can, for example, use nickel powders to produce high-strength alloys for high-temperature



Nickel-containing materials are used in a wide variety of end products. A few are shown here: stainless steel in architecture, transportation and consumer products; high-nickel alloys for critical components of jet engines; nickel plating for automobile bumpers.

applications, such as jet engine components. In 1970, other new processes in such widely diverse areas as the coloring of metals and paint additives were explored.

During the year, a 150-acre parcel of land encompassing the atmospheric test lots of the Francis L. LaQue Corrosion Laboratory near Wrightsville Beach, North Carolina, was purchased from The Dow Chemical Company. The land, located at Kure Beach, had been previously leased from Dow.

The modernization of the Birmingham Research Laboratory in the United Kingdom progressed with the completion of a new metal-processing complex comprising melting, rolling and forging facilities, and machine shops.

Market Development

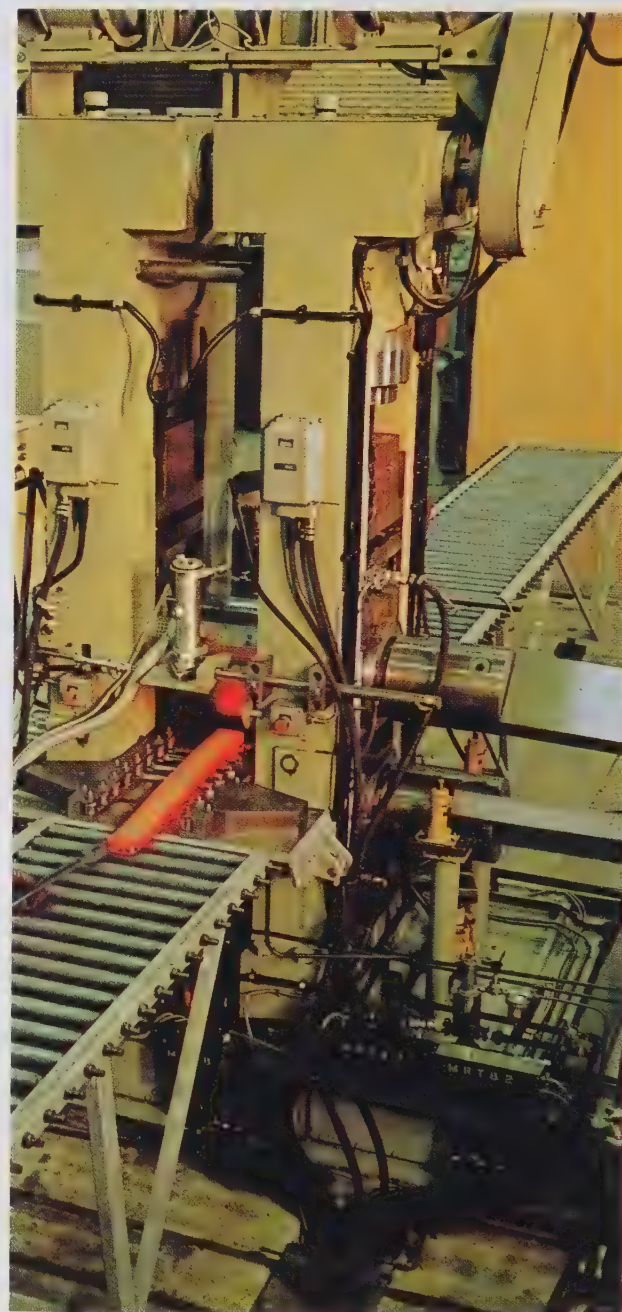
International Nickel has nearly 300 persons engaged in market development activities in most of the free world's major industrial centers. About half are engineers and scientists who work directly with producers of nickel-containing products and with end users. Their objectives are to expand existing applications and to develop new applications for established nickel-containing alloys, and to determine the need for the development of entirely new nickel-containing materials. This work enables the Company to identify new nickel markets and to help producers of nickel-containing products to compete for these markets.

Nickel markets that are expected to grow rapidly include: gas pipelines made of nickel alloy steels; cryogenic containers made of 9 per cent and 36 per cent nickel steels and stainless steels for storing and transporting liquefied natural gas; gas turbines, which use high-nickel alloys in critical components; nuclear and fossil-fueled power generators, which use great quantities of stainless steel and high-nickel alloy components; desalination plants, which employ copper-nickel alloys; and pollution abatement equipment, which uses a number of nickel-containing materials.

Long-range programs were launched during the year aimed at increasing the markets for stainless steel as a structural material, and for the copper-nickel alloys as the basic materials for construction of equipment to exploit ocean resources. Both programs utilize a wide range of the Company's marketing tools: metallurgical research, design studies, prototype evaluation, development of suppliers and fabricators, and promotional and advertising campaigns.

To further market development activities in the rapidly growing Japanese market, the Company formed International Nickel Japan Ltd., with headquarters in Tokyo.

Modernization of the Birmingham, England, research laboratory moved ahead in 1970 with the completion of a new metal-processing complex, which includes this 400-ton rolling mill.



Changes

Two eminent Directors of the Company, who served International Nickel with distinction for many years, retired early in 1971.

On January 4, 1971, the Honourable Lewis W. Douglas, K.B.E., retired as a Director and was elected a member of the Advisory Committee. The Board of Directors expressed its appreciation of Ambassador Douglas for his unique contributions to the Company during his 20 years of service as a Director.

On February 1, 1971, George C. Sharp retired as a Director and was elected a member of the Advisory Committee. The Board of Directors expressed its appreciation of Mr. Sharp's valued association with the Company for nearly 50 years, more than 20 of them as a Director.

On January 4, 1971, L. Edward Grubb was elected a Director and—effective March 1, 1971—an Executive Vice President of the Company, with offices in Toronto. He was a Vice President of the Company and Chairman and Managing Director of the Company's United Kingdom subsidiary, International Nickel Limited. As Executive Vice President, Mr. Grubb will succeed F. Foster Todd, who will retire after more than 40 years of service with the Company. Mr. Todd will continue to serve the Company in an advisory capacity.

On February 1, 1971, Wm. Ward Foshay, a Partner in the law firm of Sullivan & Cromwell, was elected a Director of the Company. Mr. Foshay is a Director of Marine Midland Banks, Inc., Pitney-Bowes, Inc., and Russell, Burdsall & Ward Bolt and Nut Co.

On March 2, 1970, W. John Gould was elected Comptroller of the Company. He had been Deputy Comptroller. Mr. Gould succeeded Walter A. McCadden, who retired after 35 years of service.

On September 23, 1970, Harry Bowler became Treasurer of the Company. He had been Vice President—Administration and Finance of Continental Can Company of Canada, Limited. Mr. Bowler succeeded Felix M. A. Noblet, who retired after 28 years of service.

On December 7, 1970, John A. Pigott was appointed Vice President for Operations of the Company, with offices in Toronto. He had been Vice President and Division General Manager, Ontario Division.

Also on December 7, 1970, John McCreedy was appointed Vice President and Division General Manager, Ontario Division. He had been Vice President and Division General Manager, Manitoba Division. He was succeeded in the latter capacity by Donald E. Munn, who became Assistant Vice President of the Company.

On January 4, 1971, J. Edwin Carter, Executive Vice President of the Huntington Alloy Products Division, was elected a Vice President of the Company and President of the Division, effective March 1, 1971. Mr. Carter will succeed John A. Marsh, who will retire after more than 40 years of service with the Company. Mr. Marsh will continue to serve the Company in an advisory capacity.

Sir Otto E. Niemeyer, G.B.E., K.C.B., who had served as a Director of the Company for 16 years, died on February 6, 1971. Sir Otto's career as a civil servant and as a leader in international financial institutions spanned more than 60 years. He was a former Director of the Bank of England. At the time of his death, he was a member of the Company's Advisory Committee.

Industrial and Personnel Relations

The past year was one of intense activity and progress in the Company's efforts to improve industrial and personnel relations at all its locations.

In Canada, the Company strengthened its industrial relations and personnel staffs in the Ontario and Manitoba Divisions and in the Toronto office. Significant progress was made in placing full-time industrial relations representatives at all principal mines and plants in an effort to resolve complaints and grievances quickly and directly. The Company developed and initiated an industrial relations training course for some 3,000 management and supervisory personnel who have labour relations responsibilities. It also detailed its industrial relations policies and programs in a handbook for all management and supervisory personnel; this was also distributed to union representatives.

During the year in Canada, officials of the Company and the United Steelworkers of America held the first of what is expected to be a series of meetings during the term of the current labour agreement designed to identify and—to the maximum extent possible—to remedy potential problems before they develop into hardened positions.

The Company also continued its efforts to strengthen and improve its communications with salaried staff employees. Salary administration plans, based upon the principle of "motivation for performance," are now in operation in all major locations. Management training and development programs were continued, and substantial employee benefit program changes and improvements were made.

CORPORATE ORGANIZATION

The Company is committed in all of its employee activities to the principle of equal employment opportunity without regard to nationality, creed, race or sex.

In the United Kingdom, agreements running until March 31, 1972 were negotiated on September 29 with four craft unions at the Company's Clydach refinery.

On December 16, Henry Wiggin & Company Limited renegotiated the wage provisions of its agreements with the three unions representing hourly paid employees at its Hereford, England, plant. The agreements, which have a wage reopener clause effective December 16, 1971, expire December 15, 1972.

In the United States, the Company's Huntington Alloy Products Division and the United Steelworkers negotiated a new two-year contract agreement at the Huntington plant that was signed on January 11, 1971. The agreement provides for a wage reopener clause, effective January 15, 1972.

Employees

On December 31, International Nickel and its subsidiaries had 37,313 employees in 20 countries, 27,808 of whom were in Canada, 4,841 in the United Kingdom, 4,207 in the United States, and 457 in other countries. The total in 1969 was 34,321. At the

end of 1970, 4,071 employees had served for 25 years or more and were members of the Company's Quarter Century Club.

Despite the addition of 1,800 employees during the year, the Ontario Division continued to experience a labour shortage influenced by the scarcity of housing in the Sudbury area. By year end, however, the housing situation had improved noticeably. The Company intensified its efforts to encourage private construction of dwelling units; almost 2,000 housing starts were made in the Sudbury District in 1970.

Thompson, Manitoba, was officially incorporated as a city on July 7. In 1970, nearly 1,000 housing units were completed in Thompson; available living accommodations there are approaching a satisfactory level. Labour turnover, although still high, showed substantial improvement.

Shareholders

The number of shareholders of record as of December 31 was 84,320, compared with 84,219 at the end of 1969. The Company's record of shareholders shows that 57 per cent have addresses in Canada, 40 per cent in the United States, and 3 per cent elsewhere. Canadian residents hold 31 per cent of the shares outstanding, United States residents 56 per cent, and residents of other countries 13 per cent.

Queen Elizabeth II and the Royal Family visited Thompson on July 10 in connection with their tour observing the centennial of the Province of Manitoba.





*The Company has
some 37,000 employees
in 20 countries.*

CONSOLIDATED BALANCE SHEET

AT DECEMBER 31, 1970

Expressed in
United States Currency

THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED
and wholly owned subsidiaries

	1970	1969
Current Assets		
Cash	\$ 20,533,000	\$ 24,008,000
Government and Other Securities	147,632,000	136,499,000
Accounts Receivable less provision for doubtful accounts	161,679,000	92,072,000
Inventories of finished and in-process metals, and supplies	286,422,000	248,526,000
Prepaid Expenses	3,789,000	3,400,000
	<u>620,055,000</u>	<u>504,505,000</u>
 Securities Held for Pension Plans	 <u>12,343,000</u>	 <u>11,308,000</u>
 Other Assets		
Miscellaneous Securities	18,123,000	16,879,000
Charges to Future Operations	9,117,000	4,326,000
	<u>27,240,000</u>	<u>21,205,000</u>
 Property, Plant and Equipment	 1,703,038,000	 1,444,437,000
Less—Depreciation and Depletion	535,319,000	504,436,000
	<u>1,167,719,000</u>	<u>940,001,000</u>
	<u>\$1,827,357,000</u>	<u>\$1,477,019,000</u>
 Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 154,742,000	\$ 104,251,000
Long-Term Debt due within one year	—	6,986,000
Taxes based on Income	89,482,000	36,993,000
	<u>244,224,000</u>	<u>148,230,000</u>
 Long-Term Debt	 <u>286,660,000</u>	 <u>184,314,000</u>
 Provisions for		
Future Income Taxes	202,000,000	159,800,000
Pension Plans	12,343,000	11,308,000
Insurance, Operating Purposes and Exchange	29,595,000	26,847,000
	<u>243,938,000</u>	<u>197,955,000</u>
 Shareholders' Equity		
Common Shares	93,910,000	92,256,000
Authorized 90,000,000 shares without nominal or par value Issued 74,473,563 shares (1969—74,415,688 shares)		
Capital Surplus	61,036,000	61,036,000
Retained Earnings	897,589,000	793,228,000
	<u>1,052,535,000</u>	<u>946,520,000</u>
	<u>\$1,827,357,000</u>	<u>\$1,477,019,000</u>

The explanatory financial section on pages 25 through 28 is an integral part of this statement.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

HENRY S. WINGATE } DIRECTORS
JAMES C. PARLEE }

THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED
and wholly owned subsidiaries

	1970	1969
Net Sales	<u>\$1,055,848,000</u>	<u>\$684,232,000</u>
Costs and Expenses		
Costs	620,154,000	432,441,000
Selling, General and Administrative Expenses	<u>52,998,000</u>	<u>39,946,000</u>
	<u>673,152,000</u>	<u>472,387,000</u>
Operating Earnings before items shown below	382,696,000	211,845,00
Other Income	<u>11,119,000</u>	<u>21,072,000</u>
	<u>393,815,000</u>	<u>232,917,000</u>
Provision for		
Taxes based on Income	121,091,000	57,698,000
Depreciation and Depletion	37,633,000	33,467,000
Pension Plans	9,426,000	11,783,000
Interest Expense	<u>17,074,000</u>	<u>13,426,000</u>
	<u>185,224,000</u>	<u>116,374,000</u>
Net Earnings	<u>\$ 208,591,000</u>	<u>\$116,543,000</u>
Net Earnings per common share	\$2.80	\$1.56
Shares outstanding at end of year	74,473,563	74,415,688

CONSOLIDATED EARNINGS

FOR THE YEAR ENDED
DECEMBER 31, 1970

Expressed in
United States Currency

	1970	1969
Balance at Beginning of Year	<u>\$ 793,228,000</u>	<u>\$765,967,000</u>
Net Earnings	208,591,000	116,543,000
	1,001,819,000	882,510,000
Dividends Paid on Common Shares	<u>104,230,000</u>	<u>89,282,000</u>
Balance at End of Year	<u>\$ 897,589,000</u>	<u>\$793,228,000</u>

CONSOLIDATED RETAINED EARNINGS

Expressed in
United States Currency

The explanatory financial section on pages 25 through 28 is an
integral part of these statements.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED
DECEMBER 31, 1970

Expressed in
United States Currency

THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED
and wholly owned subsidiaries

	1970	1969
Working Capital at Beginning of Year	<u>\$356,275,000</u>	<u>\$430,830,000</u>
Source of Funds		
From Operations		
Net Earnings	208,591,000	116,543,000
Depreciation and Depletion	37,633,000	33,467,000
Future Income Taxes	42,200,000	27,700,000
Provisions for Insurance, Operating Purposes and Exchange ..	6,550,000	1,085,000
	<u>294,974,000</u>	<u>178,795,000</u>
Proceeds from Long-Term Debt	102,346,000	13,000,000
Issue of Shares Under Stock Option Plans	1,654,000	820,000
Other—Net	(2,723,000)	4,280,000
	<u>396,251,000</u>	<u>196,895,000</u>
Application of Funds		
Payment of Dividends to Shareholders	104,230,000	89,282,000
Capital Expenditures	272,465,000	175,182,000
Current Portion of Long-Term Debt	—	6,986,000
	<u>376,695,000</u>	<u>271,450,000</u>
Increase (Decrease) of Funds During the Year	<u>19,556,000</u>	<u>(74,555,000)</u>
Working Capital at End of Year	<u>\$375,831,000</u>	<u>\$356,275,000</u>

The explanatory financial section on pages 25 through 28 is an
integral part of this statement.

AUDITORS' REPORT

To the Shareholders of The International Nickel Company of Canada, Limited:

We have examined the financial statements appearing on pages 22 through 28 of this report. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The International Nickel Company of Canada, Limited and wholly owned subsidiaries at December 31, 1970, the results of their operations and source and application of funds for the year, in conformity with generally accepted accounting principles consistently applied.

February 18, 1971

PRICE WATERHOUSE & CO.

EXPLANATORY FINANCIAL SECTION

GENERAL

The financial statements consolidate the accounts of the Company and wholly owned subsidiaries in Canada, the United Kingdom, the United States and other countries.

As in past years, statements are expressed in United States currency, translations from other currencies having been made at applicable rates and in accordance with the Company's regular accounting practice. Current assets, current liabilities and provision for pension plans in the Consolidated Balance Sheet are translated at year-end rates of exchange. The translation of all other assets and liabilities generally recognizes the rates historically applicable. Income, costs and expenses are translated at average rates prevailing during each period; depreciation and depletion included in costs are translated at historical rates. Exchange adjustments resulting from the translation of items from currencies other than United States currency were applied to the accumulated provision for exchange.

NET SALES

In 1970, net sales totaled \$1,055,848,000 as compared with \$684,232,000 in 1969, an increase of \$371,616,000. The increase was due principally to greater volume of nickel, copper and rolling mill products, all at increased prices, whereas 1969 felt the impact of a 128-day strike at the Ontario Division.

Net sales in 1970, compared with 1969, are summarized as follows:

	1970	1969
Primary nickel	\$ 577,970,000	\$326,967,000
Rolling mill products	229,402,000	195,265,000
Refined copper	200,554,000	109,131,000
Precious metals	27,602,000	33,813,000
All other	20,320,000	19,056,000
	<u>\$1,055,848,000</u>	<u>\$684,232,000</u>

COSTS AND EXPENSES

In 1970, costs and expenses totaled \$673,152,000 as compared with \$472,387,000 in 1969, an increase of \$200,765,000. The increase in costs was primarily due to resumption of normal production, with consequent greater volume of output, following the strike in 1969, and to higher employment, supply and service costs. Selling, general and administrative expenses for 1970 include directors' remuneration of \$1,072,000, including salaries of all officers who were directors.

OTHER INCOME

Other income included in earnings comprised:

	1970	1969
Interest	\$10,298,000	\$18,882,000
Dividends	806,000	525,000
Net gain on disposal of assets	15,000	1,665,000
	<u>\$11,119,000</u>	<u>\$21,072,000</u>

SECURITIES

Government and other securities, comprised of time deposits and government and prime commercial securities maturing within twelve months, are carried at cost, which approximated market value at the end of each year. Securities held for pension plans and miscellaneous securities are also carried at cost. Market values in the aggregate were greater than cost at the end of each year.

INVENTORIES

Inventories comprised:

	December 31, 1970	December 31, 1969
Metals, finished and in-process .	\$223,780,000	\$196,728,000
Supplies	62,642,000	51,798,000
	<u>\$286,422,000</u>	<u>\$248,526,000</u>

Following the Company's regular accounting practice, inventories are valued at the lower of cost or market prices; cost for metals is production or purchase cost, and for supplies is average purchase cost. Inventory quantities were adjusted from time to time throughout the year to physical stock-takings. At the end of the year there were no substantial purchase commitments at prices in excess of market levels.

PROPERTY, PLANT AND EQUIPMENT

Changes in these accounts during the year are summarized as follows:

	Balance at Beginning of Year	Addi- tions (000's omitted)	Retire- ments	Balance at End of Year
Mines and mining plants. \$	598,193	\$103,007	\$ 1,100	\$ 700,100
Smelters	434,113	73,095	1,751	505,457
Refineries	147,962	50,305	1,513	196,754
Rolling mills ...	198,156	18,999	1,001	216,154
Other	66,013	27,059	8,499	84,573
	<u>1,444,437</u>	<u>\$272,465</u>	<u>\$13,864</u>	<u>1,703,038</u>
Less— Depreciation and Depletion	504,436	\$ 37,633	\$ 6,750	535,319
	<u>\$ 940,001</u>			<u>\$1,167,719</u>

Substantially all of the above assets are stated at cost. Such cost in the case of the Company's mines—virtually all of which were discovered and developed by the Company—represents, with relatively minor exceptions, only that part of related development and acquisition costs that was capitalized.

The established policy relative to depreciation and depletion was continued during the year and provisions were made that, in the judgment of the management, will result in accumulated provisions adequate to offset, at the expiration of the estimated economic lives of the properties, the recorded cost of the investment in properties, plant and equipment. This policy is supported by studies made periodically of the lives of such properties. The total provision for the year of \$37,633,000 includes depreciation of \$31,450,000, generally computed on a straight-line basis, and depletion of \$6,183,000 computed on a declining balance basis. At the end of the year, the accumulated provisions were \$414,477,000 for depreciation and \$120,842,000 for depletion. Depletion is based on recorded cost, established as explained above, and does not represent the "in place" value of the ore consumed during the year or the amount by which the value of the Company's ore reserves would have decreased through operations if new ore reserves had not been proven up to replace them.

TAXES BASED ON INCOME

During the year \$121,091,000 was provided for taxes based on income, of which \$100,277,000 was for Canadian taxes and \$20,814,000 principally for United Kingdom and United States taxes.

The higher provision for taxes in 1970 is attributable principally to the increase in earnings. The provision also reflects tax exemption on "new mines" income from the Birchtree and Kirkwood mines in Manitoba and Ontario, respectively. Applications claiming tax exemption for these mines have been filed with, and are awaiting a decision by, the Department of National Revenue.

As a result of tax regulations certain timing differences exist in the reporting of deductions for book and tax purposes, primarily depreciation. Therefore, taxes based on income in the Consolidated Earnings Statement includes a net provision for future taxes totaling \$46,700,000, of which \$4,500,000 relates to items of a current nature.

The cumulative tax effect of timing differences relating to items of a noncurrent nature is shown separately as provision for future income taxes of \$202,000,000 in the Consolidated Balance Sheet. The cumulative tax effect relating to items of a current nature of \$11,800,000 is included in the current liability for taxes based on income.

LONG-TERM DEBT

Outstanding long-term debt of the Company and its consolidated subsidiaries consists of the following:

	1970	1969
Debentures, 6.85% due 1993 ..	\$150,000,000	\$150,000,000
Debentures, 9.25% due 1990 ...	73,643,000	—
Bank Loan, 7% (8.5% in 1969) ..	30,000,000	25,000,000
Term Loan, 9 7/16% (£4,100,000) due 1973-75	9,840,000	—
Other Loans, (100,000,000 Swiss francs) 6.25% - 6.75% due 1973- 1985 (70,000,000 Swiss francs in 1969)	23,177,000	16,300,000
	<u>286,660,000</u>	<u>191,300,000</u>
Less—Long-Term Debt due within one year (30,000,000 Swiss francs)	—	6,986,000
	<u>\$286,660,000</u>	<u>\$184,314,000</u>

The 6.85% debentures outstanding were sold at par in March 1968. Sinking fund payments calculated to retire 76% of the issue prior to maturity are required in annual installments of \$6,000,000 in 1979 through 1983, \$8,000,000 in 1984 through 1988 and \$11,000,000 in 1989 through 1992. Additional payments into the sinking fund, not exceeding in any year that amount required as above, may be made at the option of the Company. Debentures retired through the operations of the sinking fund are callable at par. The Company has the option to make further retirements at redemption prices ranging progressively downward from 106.15% currently to 100% in 1990.

The 9.25% debentures outstanding were sold at par in October 1970. Sinking fund payments will be made, sufficient to retire on October 1, in each of the years 1976 to 1989 inclusive, \$2,000,000 (Can.) principal amount of debentures. In addition to the mandatory sinking fund payments, the Company will have the right to make optional sinking fund payments to the Trustee, sufficient to retire up to an additional \$1,000,000 (Can.) principal amount of debentures on October 1, 1976; up to \$2,000,000 (Can.) on October 1 in each of the years 1977 to 1981 inclusive; up to \$3,000,000 (Can.) on October 1 in each of the years 1982 to 1986 inclusive; and up to \$4,000,000 (Can.) on October 1 in each of the years 1987 to 1989 inclusive. Debentures retired through the operations of the sinking fund are callable at par. The Company has the option to make further retirements at redemption prices ranging progressively downward from 109.25% currently to 100% in 1988.

At December 31, 1970, a subsidiary of the Company was indebted for \$30,000,000 under the terms of a \$75,000,000 credit agreement entered into in 1968 and amended in December 1970. Borrowings by way of 90-day revolving credit notes bear interest at 1/4 of 1% per

annum above the prime commercial lending rate in New York and mature not later than December 31, 1971. A fee of 1/2 of 1% per annum is payable on the unused portion of the total commitment. On December 31, 1971, the subsidiary at its option may convert the commitment, in whole or in part, to term notes payable in nine equal consecutive semi-annual installments, commencing June 30, 1972, with interest at 1/4 of 1% per annum above the prime rate in effect from time to time through June 30, 1975 and thereafter until final maturity at 1/2 of 1% above the prime rate.

A subsidiary of the Company received a term loan in the amount of £4,100,000 from a group of banks in the United Kingdom that will mature annually in the years 1973 through 1975. The loan bears interest at 1 1/2% above the inter-bank rate prevailing in the London market.

A subsidiary of the Company borrowed 60,000,000 Swiss francs in October 1970. The subsidiary will redeem the bonds in five installments of 12,000,000 Swiss francs each, commencing 1981. The subsidiary has the option to make further retirements at redemption prices ranging progressively downward from 104% in 1973 to 100% in 1980. A portion of the proceeds was used to repay a 30,000,000-Swiss-franc (\$6,986,000) bank loan.

On December 23, 1968, a line of credit in the maximum amount of \$70,000,000 was authorized by the Export-Import Bank of the United States, for the benefit of a subsidiary, none of which was outstanding at December 31, 1970.

NOTES PAYABLE

On January 4, 1971, the Board of Directors authorized the issuance of a maximum of \$100,000,000 (Can.) in short-term promissory notes, which the Company has commenced to issue.

PENSION PLANS

In addition to assets held in Trust Funds by Trustees under Company pension plans, the Company held \$12,343,000 of securities at the year end, representing the amount set aside for pension plan benefits payable directly by the Company. A summary of pension plan transactions during the year follows:

Balance at beginning of year ...		\$11,308,000
Add:		
Provision from earnings	\$9,426,000	
Currency exchange adjustments	<u>710,000</u>	<u>10,136,000</u>
		21,444,000
Deduct:		
Contributions paid to Trustees (actuarially computed)	8,166,000	
Benefits paid directly by the Company	<u>935,000</u>	<u>9,101,000</u>
Balance at end of year		<u>\$12,343,000</u>

The Company's pension plans cover substantially all of its employees. Provisions have been made for all significant past service costs.

PROVISIONS FOR INSURANCE, OPERATING PURPOSES AND EXCHANGE

Changes in these provisions during the year were as follows:

Balance at beginning of year ...		\$26,847,000	
Add provisions in earnings for:			
Self-insurance	\$ 1,000,000		
Operating purposes	3,542,000		
Currency exchange adjustments	2,008,000	6,550,000	
		<u>33,397,000</u>	
Deduct charges for:			
Operating purposes	563,000		
Currency exchange adjustments	3,239,000	3,802,000	
The year-end provisions are:			
Self-insurance	\$17,000,000		
Operating purposes	12,595,000		
Balance at end of year		<u>\$29,595,000</u>	

COMMON SHARES AND CAPITAL SURPLUS

The Key Employees Stock Option Plan, ratified by shareholders at the Annual Meeting on April 24, 1957, authorized the granting of options on 1,750,000 unissued common shares at prices not less than 95% of the fair market value on the day the options were granted. The options are exercisable in installments beginning not earlier than one year after date of grant over a period not exceeding ten years from the date of grant. During 1970, options were exercised in respect of 55,088 shares, for which the Company received \$1,550,000, which has been credited in full to the common shares account and options for 1,800 shares were terminated. As of December 31, 1970, options for a total of 1,550,647 shares had been exercised, and 194,948 shares (including 90,962 shares for officers) were subject to outstanding options as follows:

Date of Grant	Option Price Per Share	Shares for Officers	Total Shares
March 1961	\$25.20	—	2,382
November 1961	29.00	22,575	47,005
December 1962	23.40	1,887	11,555
August 1966	32.70	66,500	134,006
		<u>90,962</u>	<u>194,948</u>

This plan was terminated in 1968 except as to options then outstanding, and no further options may be granted thereunder.

The Key Employees Incentive Plan, ratified by shareholders at the Special General Meeting on July 17, 1968, authorizes the granting of options to purchase up to 1,000,000 common shares at prices not less than 100% of their market value, pursuant to the Plan, on the day the option is granted. The Plan provides that no shares

subject to option shall be purchasable prior to the expiration of one year after the date of grant nor after a period not exceeding ten years from the date of grant. During 1970 options were granted for 90,900 shares and options for 9,600 shares were terminated. Options were exercised in respect of 2,787 shares, for which the Company received \$104,000 which has been credited in full to the common shares account.

As of December 31, 1970, 533,500 shares were available for future grants and 463,713 shares (including 239,750 shares for officers) were subject to outstanding options as follows:

Date of Grant	Option Price Per Share	Shares for Officers	Total Shares
February 1969	\$37.75	183,000	191,000
April 1969	37.44	20,750	178,813
August 1969	35.19	—	3,000
April 1970	45.88	32,000	86,900
September 1970	40.00	4,000	4,000
		<u>239,750</u>	<u>463,713</u>

The Plan, which is administered by a Committee of three or more Directors who are not eligible to participate in the Plan, also authorizes awards of supplemental compensation in respect of each year beginning with the year 1968 up to an aggregate amount not in excess of the "Incentive Fund" for such year. The amount of the Incentive Fund for each year shall be determined by the Board of Directors of the Company from time to time prior to the end of the following year, provided that the amount so determined shall not exceed an amount equal to 2% of the sum of the consolidated net earnings and provision for taxes based on income as set forth in the financial statements in the Annual Report of the Company for that year, plus an additional amount equal to any excess of the Incentive Fund for the preceding year over the amount of the awards made for that year, except that such additional amount shall in no event exceed the total amount of awards for the preceding year. Such awards may be made in, or in commitments to deliver, cash, shares of the Company, "share units" or such other kind or form of compensation as may, in the judgment of the Committee, be best calculated to further the purposes of the Plan, all on such terms and subject to such conditions as the Committee may determine. The Incentive Fund for 1969 was determined to be \$2,000,000 and during 1970 awards of supplemental compensation totaling \$1,370,000 were made.

Capital surplus was unchanged during the year. It includes \$11,664,000 representing the amount received in 1930 for common shares in excess of the capital value assigned thereto, this amount being "distributable surplus" as defined by the Canada Corporations Act.

**TRUST FUNDS
RETIREMENT SYSTEM
AND OTHER PENSION PLANS**

There are five irrevocable Trust Funds in Canada, the United States and the United Kingdom to implement the Retirement System and the other pension plans for the Company's employees. While the accounts of these Trust Funds are separate and distinct from the accounts of the Company and its subsidiaries, a summary of the accounts of the five funds appears in the ensuing paragraph for general information purposes.

At the beginning of the year, Government bonds and other marketable securities, at cost, and cash and other assets in the hands of the Trustees aggregated \$211,473,000. During the year total contributions paid to the Trustees by the Company and employees were \$8,397,000, income from investments was \$13,388,000, and Retirement System and other pension plan benefits of \$9,571,000 were paid from the Trust Funds. Accordingly, on December 31, 1970, the Trustees had assets in hand of \$232,260,000. These figures are expressed in United States currency, and exchange adjustments during the year resulted in an increase of \$8,573,000 in terms of that currency.

At February 18, 1971 the Trustees of the three Canadian Trust Funds and of the United States and British Funds were:

Canadian Funds	United States Fund
G. Arnold Hart	Ellmore C. Patterson
Peter D. Curry	William C. Bolenius
Allen T. Lambert	J. C. Traphagen
H. C. F. Mockridge	H. C. F. Mockridge
Charles F. Baird	Charles F. Baird

British Fund
International Nickel (Retirement System) Trustees Limited

COUNSEL
SULLIVAN & CROMWELL
OSLER, HOSKIN & HARCOURT

AUDITORS
PRICE WATERHOUSE & CO.

TRANSFER AGENTS
CANADA PERMANENT TRUST COMPANY
Toronto, Ont.
THE ROYAL TRUST COMPANY, Montreal, P.Q.
MORGAN GRENFELL & CO. LIMITED, London, England
BANKERS TRUST COMPANY, New York, N.Y.

REGISTRARS
MONTREAL TRUST COMPANY, Toronto, Ont.
MONTREAL TRUST COMPANY, Montreal, P.Q.
LLOYDS BANK LIMITED, London, England
MORGAN GUARANTY TRUST COMPANY OF
NEW YORK, New York, N.Y.

DIVIDEND DISBURSING AGENTS
BANKERS TRUST COMPANY, New York, N.Y.
MORGAN GRENFELL & CO. LIMITED, London, England

TEN YEAR REVIEW

THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED
and wholly owned subsidiaries

of Operating and Financial Data

Expressed in thousands except where noted

OPERATING DATA

Ore mined—wet short tons	36,100	18,800	24,900	20,400	17,600	19,800	16,400	13,600	13,800	17,500
Nickel deliveries—pounds	510,000	382,200	480,800	463,500	500,200	493,000	444,200	350,700	318,200	372,500
Copper deliveries—pounds	440,100	208,200	314,200	310,900	293,000	275,900	286,500	253,600	267,300	268,700
Platinum-group metals and gold deliveries—troy ounces	—	422	441	476	501	511	545	439	411	443

FINANCIAL DATA

Net Sales and Other Income	\$1,067,000	705,300	781,300	721,300	703,300	643,000	576,300	468,700	452,400	519,300
Costs and Expenses	699,700	497,600	521,500	475,100	489,900	379,200	346,300	292,600	296,500	349,700
Depreciation and Depletion	37,600	33,500	29,300	26,100	26,200	26,500	27,500	26,200	24,300	19,900
Income Taxes	121,100	57,700	86,800	78,300	69,000	93,500	66,700	43,600	37,400	60,900
Net Earnings	208,600	116,500	143,700	141,800	118,200	143,800	135,800	106,300	94,200	88,800
Per Common Share††	2.80	1.56	1.93	1.90	1.59	1.94	1.84	1.44	1.28	1.21
Common Dividends	104,200	89,300	91,500	89,100	83,100	90,300	81,300	66,300	55,900	46,900
Per Common Share††	1.40	1.20	1.23	1.20	1.12	1.22	1.10	0.90	0.76	0.64
Capital Expenditures**	\$1,172,500	175,200	175,400	145,700	73,000	62,700	44,400	36,000	61,000	46,000
Exploration Expenditures**	91,900	19,900	17,000	13,300	11,700	12,300	7,600	6,400	5,900	7,400
Net Working Capital	375,800	356,300	430,800	321,000	373,600	375,200	342,000	292,700	259,600	253,500
Net Property, Plant and Equipment	\$1,167,700	940,000	798,300	652,200	532,600	485,700	450,300	435,700	425,900	390,900
Total Assets‡	\$1,827,400	1,477,000	1,396,200	1,120,300	1,022,800	986,800	898,500	809,600	759,700	744,900
Capitalization										
Long-Term Debt	286,700	184,300	178,300	—	—	—	—	—	—	—
Shareholders' Equity	1,052,500	946,500	918,400	865,200	808,400	770,900	713,400	654,300	612,300	569,800
Invested Capital	\$1,339,200	1,130,800	1,096,700	865,200	808,400	770,900	713,400	654,300	612,300	569,800
Return on Invested Capital	35.6%	10.3%	13.1%	16.4%	14.6%	18.7%	19.0%	16.2%	15.4%	15.6%

OTHER STATISTICS

Employees*	32,313	34,321	33,314	32,552	31,837	32,512	30,501	26,907	27,606	32,052
Shareholders*	84,320	84,219	75,587	64,207	67,120	65,965	63,993	64,178	63,425	63,412

* Units.

** Includes capitalized exploration expenditures.

† As adjusted to reflect the split of shares on a 2½-for-1 basis in 1968.

‡ Does not include any value for the minerals in the major portion of the Company's ore reserves.

THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED

effective March 1, 1971

OFFICERS

Chairman and Chief Officer HENRY S. WINGATE	Senior Executive Vice President JAMES C. PARLEE	President ALBERT P. GAGNEBIN
Executive Vice President RICHARD A. CABELL		Executive Vice President L. EDWARD GRUBB
Vice President—Finance CHARLES F. BAIRD	Vice Presidents STEPHEN F. BYRD	Vice Presidents JOHN A. PIGOTT
Secretary WILLIAM F. KENNEDY	J. EDWIN CARTER	DEAN D. RAMSTAD
Comptroller W. JOHN GOULD	GLENN H. CURTIS	LOUIS S. RENZONI
Treasurer HARRY BOWLER	JOHN O. HITCHCOCK	WILLIAM STEVEN
Assistant to the Chairman JOHN H. PAGE	JOHN McCREEDY	ASHBY McC. SUTHERLAND
	HENRY W. PETERSON	H. FRANKLIN ZURBRIGG

DIRECTORS

Term Expires 1971

JOHN J. DEUTSCH, C. C.
Principal,
Queen's University,
Kingston, Ont.

WM. WARD FOSHAY
Member of the firm of
Sullivan & Cromwell,
New York, N. Y.

J. ROY GORDON*
Former President
of the Company

L. EDWARD GRUBB
Executive Vice President

G. ARNOLD HART, M. B. E.*
Chairman,
Bank of Montreal

J. K. JAMIESON
Chairman,
Standard Oil
Company (New Jersey),
New York, N. Y.

R. SAMUEL McLAUGHLIN, C. C.
Chairman,
General Motors of
Canada, Ltd.,
Oshawa, Ont.

H. C. F. MOCKRIDGE, Q. C.*
Member of the firm of
Osler, Hoskin & Harcourt,
Toronto, Ont.

THE RT. HON. LORD NELSON
OF STAFFORD
Chairman, The General
Electric Company Limited,
London, England

SIR RONALD L. PRAIN, O. B. E.
Chairman,
RST International
Metals Limited,
London, England

THE RT. HON.
VISCOUNT WEIR, C. B. E.
Chairman,
The Weir Group Limited,
Glasgow, Scotland

SAMUEL H. WOOLLEY
Chairman,
The Bank of New York

WILLIAM C. BOLENIUS
Former Vice-Chairman,
American Telephone and
Telegraph Company,
New York, N. Y.

NORRIS R. CRUMP
Chairman,
Canadian Pacific
Railway Company,
Montreal, P.Q.

PETER D. CURRY
Chairman,
The Investors Group,
Winnipeg, Man.

ALBERT P. GAGNEBIN*
President

JAMES H. GOSS
President,
A-T-O Inc.,
Willoughby, Ohio

ALLEN T. LAMBERT
Chairman and President,
The Toronto-Dominion Bank

DONALD H. McLAUGHLIN
Chairman, Executive Committee,
Homestake Mining Company,
San Francisco, Calif.

Term Expires 1972

JAMES C. PARLEE
Senior Executive
Vice President

ELLMORE C. PATTERSON*
President,
Morgan Guaranty Trust
Company of New York

GEORGE T. RICHARDSON
President,
James Richardson
& Sons, Limited,
Winnipeg, Man.

LUCIEN G. ROLLAND
President,
Rolland Paper
Company, Limited,
Montreal, P.Q.

IVOR D. SIMS
Executive Vice President,
Bethlehem Steel
Corporation,
Bethlehem, Pa.

HENRY S. WINGATE*
Chairman of the Board
and Chief Officer

* Member of Executive Committee

ADVISORY COMMITTEE

LANCE H. COOPER, M. B. E.	R. SAMUEL McLAUGHLIN, C. C., Chairman
HON. LEWIS W. DOUGLAS, K. B. E.	J. ROY GORDON
ALBERT P. GAGNEBIN	H. R. MacMILLAN, C. B. E., C. C.
	GEORGE C. SHARP

R. EWART STAVERT
J. C. TRAPHAGEN
HENRY S. WINGATE

Parent and Principal Subsidiary Companies

THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED

General Offices: Copper Cliff, Ontario
Toronto Office: Toronto-Dominion Centre,
Toronto 111, Ontario

THE INTERNATIONAL NICKEL COMPANY, INC.

General Offices: One New York Plaza,
New York, N.Y. 10004, U.S.A.

HUNTINGTON ALLOY PRODUCTS DIVISION

New York Office: One New York Plaza,
New York, N.Y. 10004, U.S.A.

Huntington Office: Huntington,
West Virginia 25720, U.S.A.

INTERNATIONAL NICKEL LIMITED

General Offices: Thames House,
Millbank, London, S.W.1, England

HENRY WIGGIN & COMPANY LIMITED

General Offices: Thames House,
Millbank, London, S.W.1, England

Hereford Office: Holmer Road,
Hereford, England

OTHER SUBSIDIARIES INCLUDE:

Canada

Anglo-Canadian Mining & Refining Company
Limited, Toronto

Canadian Nickel Company Limited, Toronto

International Nickel Southern Exploration Limited
(Insel), Toronto

Central America

Exploraciones y Explotaciones Mineras Izabal, S.A.
(Exmibal), Guatemala City

Europe

International Nickel Benelux S.A., Brussels

International Nickel France S.A., Paris

International Nickel Deutschland G.m.b.H.,
Dusseldorf

International Nickel Italia S.p.A., Milan

International Nickel Iberica Limited, Madrid

International Nickel Oceania S.A., Paris

International Nickel (Svenska) Aktiebolag,
Stockholm

International Nickel A.G., Zurich

Nickel Alloys International S.A., Brussels

Asia

International Nickel (India) Private Limited,
Bombay

International Nickel Japan Ltd., Tokyo

P.T. International Nickel Indonesia, Djakarta

Australia

International Nickel Australia Limited, Sydney
Australasian Nickel Alloys, Melbourne

Africa

International Nickel S.A. (Proprietary) Limited,
Johannesburg

Principal Properties, Plants, Laboratories and Products

PRODUCING MINES:

Sudbury District, Ontario—Frood-Stobie,
Creighton, Clarabelle, Copper Cliff North,
Levack, Murray, Crean Hill, Garson, MacLennan
Kirkwood and Totten

Thompson District, Manitoba—Thompson and
Birchtree

CONCENTRATORS:

Sudbury District, Ontario—Copper Cliff,
Creighton, Levack and Frood-Stobie

Thompson District, Manitoba—Thompson

SMELTERS:

Copper Cliff, Ontario—Nickel oxide sinters

Coniston, Ontario

Thompson, Manitoba

IRON ORE RECOVERY PLANT:

Copper Cliff, Ontario—Iron ore and nickel oxide

REFINERIES:

Port Colborne, Ontario—Nickel metal and
osmium

Thompson, Manitoba—Nickel metal and
elemental sulphur

Copper Cliff, Ontario—Copper, gold, silver,
selenium, tellurium, semi-refined platinum-
group metals, and nickel sulphate

✓ **Clydach, Wales**—Nickel metal (pellet and
powder), and nickel and cobalt salts and oxides

Acton (London), England—Platinum, palladium,
rhodium, ruthenium and iridium

RESEARCH LABORATORIES AND PILOT PLANTS:

Sheridan Park and Port Colborne, Ontario

**Sterling Forest, New York, and Harbor Island,
North Carolina, U.S.A.**

Birmingham, England, and Clydach, Wales

ROLLING MILLS:

Plants—Huntington, West Virginia, and Burnaugh,
Kentucky, U.S.A.; Hereford, England—Wrought
nickel and high-nickel alloys

Research Laboratories—Huntington, West
Virginia, U.S.A.; Hereford, England

ANNUAL MEETING

The Chairman will make a report to shareholders at the Annual Meeting, which will be held in Toronto on April 21, 1971.

INTERNATIONAL NICKEL

The International Nickel Company of Canada, Limited

The International Nickel Company, Inc.

International Nickel Limited